

Mr. B.C.S. Iyengar who has recently stepped down as Director has been of invaluable assistance for many years. I thank him for his contributions. I also thank all my colleagues on the Board for their valuable support in steering the company successfully.

Thanking all of you for your support.

V K Surendra

Chairman

29th August 2016



VST SHAKTI

V.S.T. TILLERS TRACTORS LIMITED

Address by
SRI V.K.SURENDRA
Chairman

48th Annual General Meeting
29th August 2016

At
Woodlands Hotel Pvt. Ltd.
No.5, Rajaram Mohan Roy Road
Bangalore - 560 025

Ladies and Gentlemen,

It is my pleasure to welcome you to this 48th Annual General Meeting, with your permission may I take the annual report as read.

The company has reported satisfactory performance during the year 2015-16 in spite of unfavourable monsoon and other factors registering a revenue growth of 17% and the PAT growth of 6.6% over last year.

In case of Tillers your company gained market share of over 5% and registered a volume growth of around 19%, while in the case of Tractor, the volumes grew by around 17%.

Your company has initiated steps to expand the channel network to cover all regions across the country for both Tractors and Tillers. The Sales & Marketing and the Product Engineering teams are being strengthened to enhance the competency and ability to launch new product variants. I am also happy to inform you that your company launched a 27 HP tractor during the year, simultaneously your company is developing many more attachments to enable complete crop solutions to be provided.

CURRENT YEAR OUTLOOK

The results for the first quarter has been below expectations. While, with the respect to the Power Tillers we have sold 7300 Tillers as against 6756 nos in the last year first quarter, the Tractor sales dropped to 2158 nos compared to 2266 nos last year. The main reason for lower sale of Tractors is in Gujarat and Maharashtra (where the maximum units are sold during the festive season) was due to delay of the onset of monsoon. The response to the delay has not been very positive in so far as the sentiments of farmers are concerned, as they have experienced two successive droughts in the past. With normal North east monsoon in the second half we can expect to achieve an improved performance during the current year.

With respect to Power Tillers, I would like to add that the sale continues to dependent on subsidy support by the State Governments, and delays by the State Government in launching the schemes in the past has affected the sales of tillers.

I am happy to inform that your company has been allocated 89 Custom Hiring Centres by the Government of Karnataka. We have established the centres as franchisee model. Of the 89 around 40 centres have become operational as on date and the remaining will be operational by September 2016.

As informed in the AGM last year we have strengthened the Sales & Marketing team and have initiated necessary steps to groom leaders who will take greater responsibility for shaping the future of the company. In August 2015, the company appointed Mr. K.U. Subbaiah as Chief Executive Officer of the Company who takes care of the business operations.

The company firmly believes that apart from monetary compensation there are other values that bring about employee's loyalty and commitment to an organization. The company has undertaken various programs to enhance the motivation and commitment levels of the employees. The company has also strengthened the Product Engineering function in both Tiller and Tractor which will enable the company to develop new products in line with the market requirements.

The wage settlement at the Bangalore plant was concluded in April 2016; with the new settlement in place for a period of three years.

ACKNOWLEDGEMENT

We continue to enjoy cordial relation and goodwill with our partners Mitsubishi Heavy Industries, Japan. We wish to acknowledge that